

awarding agencies, and the recipient entities and independent auditors;

(3) Provide technical advice to State, local, and Indian Tribal governments, USDA awarding agencies, and independent auditors;

(4) Obtain or make quality control reviews of individual audits made by non-Federal audit organizations, and provide the results to other interested organizations, when appropriate;

(5) Inform other affected Federal organizations of any reported illegal acts or irregularities. The Federal organizations, in turn, shall inform appropriate Federal law enforcement officials. State or local government law enforcement and prosecuting authorities, if not advised by the recipient, may also be informed of any violation of law within their jurisdiction by the OIG;

(6) Advise the USDA awarding agency and the recipient of any audit reports that do not meet the audit standards and requirements set forth in Circular A-128 and this subpart. In such instances, the recipient shall work with the auditors to take corrective action. If corrective action is not taken, OIG shall notify the Federal awarding agencies and the recipient of the facts and make recommendations, if appropriate. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action;

(7) Coordinate, to the extent practicable, audits made by or for USDA awarding agencies that are in addition to the audits made pursuant to Circular A-128 and this subpart, and ensure that any additional audits build upon such audits;

(8) Assure that all recipient audit reports affecting Federal assistance programs are received, reviewed, and distributed to the proper Federal cognizant agencies. These agencies (including USDA OIG) are responsible for distributing audit reports to their respective program officials; and

(9) Assure that necessary audits are performed of indirect cost proposals submitted by governmental units for which USDA is cognizant under the provisions of OMB Circular A-87.

(c) *Audit resolution.* OIG shall be responsible for overseeing and assigning

responsibility to the appropriate USDA awarding agency for the resolution of crosscutting audit findings that affect the programs of more than one USDA or non-USDA awarding agency. Resolution of findings that relate solely to the programs of a single Federal agency shall be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by agreement between the agencies concerned. Resolution shall be made within six months after issuance of the report by the departments and agencies that provide Federal assistance funds to State and local governments. Corrective action should proceed as rapidly as possible.

**§ 3015.75 Reporting requirements.**

(a) *Audit reports.* Audit reports must be prepared at the completion of the audit and shall be in accordance with the provisions of Circular A-128, paragraph 13.

(b) *Audit workpapers and reports.* Workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by OIG to extend the retention period. Audit workpapers shall be made available upon request to OIG, its designee, or the General Accounting Office.

(c) *Illegal acts or irregularities.* If the auditor becomes aware of illegal acts or other irregularities, *prompt* notice shall be given to recipient management officials above the level of involvement. The recipient, in turn, shall promptly notify OIG of the illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include such matters as conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.

**§ 3015.76 Audit costs.**

(a) The costs of audits made in accordance with the provisions of Circular A-128, paragraph 16, are allowable charges to USDA Federal assistance programs.

(b) If the recipients or subrecipients fail to arrange for the required audits set forth in OMB Circular A-128, or fail to assure that an acceptable audit is performed, the USDA awarding agency

may arrange for the performance of the required audits. If USDA arranges for the required audits because of these circumstances, the recipients and/or subrecipients shall reimburse USDA for the cost of these single audits.

#### § 3015.77 [Reserved]

APPENDIX A TO SUBPART I—[RESERVED]

### Subpart J—Financial Reporting Requirements

#### § 3015.80 Scope and applicability.

(a) This subpart prescribes requirements and forms for recipients to report financial information to USDA and to request grant payments when a letter of credit is not used.

(b) This subpart need not be applied by recipients in dealing with their subrecipients. Recipients are encouraged not to impose on subrecipients more burdensome requirements than USDA imposes on them.

#### § 3015.81 General.

(a) Except as provided in paragraphs (d) and (e) of this section, recipients shall use only the forms specified in §§ 3015.82 through 3015.85, and such other forms as may be authorized by OMB for:

(1) Submitting grant financial reports to awarding agencies, or

(2) Requesting grant payments when letters of credit or automatic prescheduled Treasury check advances are not used.

(b) Recipients shall follow all applicable standard instructions issued by OMB for use in connection with the forms specified in §§ 3015.82 through 3015.85. Awarding agencies may not issue substantive supplementary instructions that are inconsistent with this subpart or impose additional requirements on recipients without the approval of O&F and OMB. However, awarding agencies may shade out or instruct the recipient to disregard any line item that the awarding agency finds unnecessary for its decision-making purposes.

(c) Recipients shall not be required to submit more than one original and two copies of the forms required under this subpart.

(d) Awarding agencies may provide computer outputs to recipients to expedite or contribute to the accuracy of reporting. Awarding agencies may accept the required information from recipients in machine readable form or computer printouts instead of prescribed formats.

(e) When an awarding agency determines that a recipient's accounting system does not meet the standards for financial management systems contained in Subpart H of this part, it may require more frequent financial reports or more detail (or both) upon written notice to the recipient (without regard to § 3015.4) until such time as the standards are met.

(f) Awarding agencies may waive any report required by this subpart, if not needed.

(g) Awarding agencies may extend the due date for any financial report upon receiving a justified request from the recipient. The recipient should not wait until the due date if an extension is to be requested, but should submit the request as soon as the need becomes known. Failure by a recipient to submit a report by its due date may result in severe enforcement actions by USDA. These may include withholding of further grant payments, suspension or termination of the grant, etc. Therefore recipients are urged to submit reports on time.

#### § 3015.82 Financial status report.

(a) *Form.* Recipients shall use Standard Form 269, Financial Status Report, to report the status of funds for all nonconstruction projects or programs.

(b) *Accounting basis.* Unless specified in the provisions of the grant or subgrant each recipient shall report program outlays and program income on the same accounting basis, i.e., cash or accrual, which it uses in its accounting system.

(c) *Frequency.* The awarding agency may prescribe the frequency of the report for each project or program. However, the report shall not be required more frequently than quarterly except as provided in §§ 3015.4, 3015.81(e), or by statute. If the awarding agency does not specify the frequency of the report, it shall be submitted annually. Upon expiration or termination of the grant